

## Uncertainty hangs over Renton annexations, West Hill, Benson Hill

By [DEAN RADFORD](#)

Renton Reporter Editor

DECEMBER 6, 2011 · UPDATED 5:10 PM

The City of Renton has delayed the vote on the West Hill annexation until November 2012 because of uncertainty surrounding a key source of state revenue needed to provide services there.

The Renton City Council voted 6-1 Monday on a recommendation from the city's Department of Community and Economic Development that the city change the election date from Feb. 14, 2012.

Now, West Hill will vote on whether to annex to Renton in the Nov. 6, 2012, general election. The Renton City Council then will decide whether to approve the annexation.

The same uncertainty over the state's willingness to share its sales tax in newly annexed areas also hangs over the Benson Hill/Cascade area, which annexed in 2008.

"As a former resident of the West Hill, I would very much like to see this area annex to the city," said Mayor Denis Law in a news release. "But, we are relying on the state tax credit to help make annexation of the West Hill possible. Even with the program, costs for the West Hill annexation still exceed what the area generates in tax revenues. Without the credit, I don't see how we will ever find a way to cover the costs of serving this community."

The council's vote came after public comment and a discussion by council members about the financial pitfalls of annexing West Hill.

Cheryl Scheuerman has lived in Renton for 26 years; she has been the general manager of the Skyway Water and Sewer District for 17 years and is involved in West Hill community affairs. The West Hill business community supports the annexation, she said.

"I would ask you that in your reconsideration of the matter delay the vote if you must, but please don't kill it," she said, adding that as a resident of Renton, she believes that West Hill belongs in the city.

She also asked that the city reaffirm its commitment to work with the state, the county and others to close the gaps in funding so that Renton can provide services to West Hill.

Council member Greg Taylor cast the lone no vote. He wanted to still give residents a chance to make their wishes known about annexing to Renton. But others cautioned that without resolution of the sales-tax issue, West Hill residents don't have a key piece of information they need to vote.

Jay Covington, the city's chief administrative officer, said the potential loss of the sales-tax credit is a "significant change" that would affect how the city pays for services on West Hill.

And, potentially, the city could have to backfill the state money used to help pay for services on Benson Hill.

Gregoire considered eliminating the sales-tax credit entirely in an initial version of her supplemental budget, starting on Feb. 1. That would have saved about \$17.8 million statewide. But that idea was dropped.

In Renton eliminating the credit entirely would have meant an additional budget gap of \$1.4 million for 2012 and \$2.1 million per year starting in 2013 for the Benson Hill annexation alone.

Gov. Chris Gregoire is looking at two ways to reduce the state's loss of sales tax that now goes to cities to help fill a

\$2 billion hole in the state's budget.

One way is to eliminate the sales-tax credit for future annexations, such as West Hill. The second way is to reduce the sales-tax credit for already-annexed areas, such as Benson Hill. The state had committed to providing the credit for 10 years after an area annexes.

In the case of West Hill, the sales-tax credit amounts to more than \$2 million year a year. Without that credit, the estimated operating deficit in West Hill grows to more than \$4 million.

In the case of Benson Hill, the city would lose \$95,000 in 2012 (the reduction would go into effect on July 1) and \$190,000 a year for the rest of the 10 years.

City officials have spent the last several months trying to figure out how to pay for a West Hill annexation from numerous local, state and federal sources. "The city's most recent financial analysis of the area indicates that it will cost much more to provide services to the West Hill area than revenues from the area will generate," Alex Pietsch, the administrator of the city's Department of Community and Economic Development, wrote in a staff report to the City Council.

The sales-tax credit has been critical to helping Renton and other suburban cities pay for services in newly annexed areas. All would need to figure out how to replace any loss of state revenue, which could affect services elsewhere in a city.

Pietsch indicated in his staff report that city officials have received assurances from the city's legislative delegation and others in the Legislature that they would work to restore the funding.

But it's uncertain whether those efforts would prove successful before the Feb. 14 vote, he wrote.

The King County Council had yet to formally place the annexation issue on the Feb. 14 ballot. The Renton City Council had until Thursday to let the County Council know it had changed its mind before the next County Council meeting.

Contact Renton Reporter Editor Dean Radford at [editor@rentonreporter.com](mailto:editor@rentonreporter.com) or 425-255-3484, ext. 5050.

**Find this article at:**

<http://www.rentonreporter.com/news/135119868.html>

☐ Check the box to include the list of links referenced in the article.